DOCUMENT RESUME

ED 389 236 HE 028 754

AUTHOR	Lewis, Laurie; Farris, Elizabeth
TITLE	Outcomes of Recent Changes in Federal Student Financial Aid. Statistics in Brief.
INSTITUTION	Westat, Inc., Rockville, MD.
SPONS AGENCY	National Center for Education Statistics (ED), Washington, DC.
REPORT NO	NCES-96-231
PUB DATE	Nov 95
NOTE	15p.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Audits (Verification); Compliance (Legal); *Educational Policy; Federal Legislation; *Federal Programs; Federal Regulation; Government School Relationship; National Surveys; *Postsecondary Education; *Program Administration; *Student Financial Aid; *Student Loan Programs
IDENTIFIERS	Higher Education Act Amendments 1992; Reauthorization Legislation; Stafford Student Loan Program; Supplemental Loans for Students Program

ABSTRACT

This report presents the results of a survey of 808 postsecondary education institutions concerning effects of the 1992 Higher Education Act reauthorization on federal student financial aid. The survey was conducted in the 1994-95 school year through the Postsecondary Education Quick Information System (PEQIS). The reauthorization legislation made changes in the number of aid applicants that institutions were required to verify, created a new unsubsidized loan program, increased loan limits, and changed needs analysis methodology. The survey found that institutional verification policies and the percent of applicants verified were generally not affected by changes in the law, probably because most institutions were already verifying more than 30 percent of aid applicants, as required by the new law. Most institutions reported increased borrowing in the subsidized and unsubsidized Stafford and Supplemental Loans for Students programs, with the majority ranking an increase in loan limits or changes in needs analysis methodology as the most important reason for the increased borrowing. (MDM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

NATIONAL CENTER FOR EDUCATION STATISTICS

Statistics in Brief November 1995

ED 389 236

Outcomes of Recent Changes in Federal Student Financial Aid

Contact:
Bernie Greene
(202) 219-1366

Authors:
Laurie Lewis
Elizabeth Farris
Westat

The 1992 Higher Education Act (HEA) Reauthorization resulted in a number of changes in the operation and delivery of federal Title IV financial aid. In particular, changes were made in the number of aid applicants that institutions are required to verify and in the use of professional judgment to adjust financial aid awards. The Reauthorization also affected the student loan program in a number of ways, including the creation of a new Stafford unsubsidized loan program, increased loan limits, and changes in the need analysis methodology for federal student aid. This National Center for Education Statistics' *Survey on Financial Aid at Postsecondary Education Institutions* collected information on institutions' experiences with verification, professional judgment, and student loan borrowing for 1993-94 awards, following the changes brought about by the 1992 HEA Reauthorization. The institutions' experiences with 1993-94 awards were contrasted with their experiences for 1992-93 awards (prior to the changes). The survey was conducted in 1994-95 through the Postsecondary Education Quick Information System (PEQIS).

The survey found that institutional verification policies and the percent of applicants verified were generally not affected by changes in the law, probably because most institutions were already verifying more than 30 percent of aid applicants. Professional judgment was not heavily used to adjust Pell grant awards or to change dependent students to independent student status. Professional judgment was more of a factor for student loans, with about one-third to one-half of institutions using it to at least some degree to deny or reduce the amount of federal student loans to individual students. The student loan program appears to have been affected somewhat by the Reauthorization, with most institutions experiencing increased borrowing in the subsidized and unsubsidized Stafford and Supplemental Loans for Students programs, and 55 to 65 percent of these institutions ranking an increase in loan limits or changes in need analysis methodology as the most important reason for the increased borrowing.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
X This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

U.S. Department of Education
Office of Educational Research and Improvement NCES 96-231

BEST COPY AVAILABLE

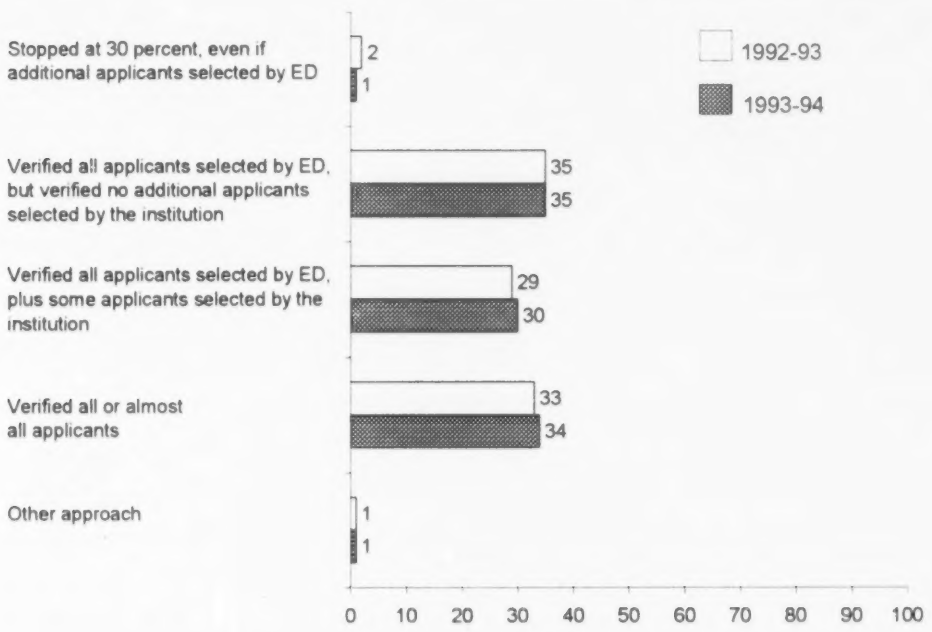
What were institutional verification policies for Title IV aid applicants for 1992-93 and 1993-94 awards?

About a third of all institutions in both years used each of the following verification policies (figure 1):

- Verified all applicants selected by the U.S. Department of Education (ED), even if higher than 30 percent, but verified no additional applicants selected by the institution;
- Verified all applicants selected by the U.S. Department of Education, plus some selected by the institution; or
- Verified all or almost all applicants.[1]

The policy used most frequently by public institutions was to verify some additional applicants selected by the institution (table 1). Private nonprofit institutions used the three main verification approaches about equally, while private for-profit institutions verified no additional applicants or verified all or almost all applicants with about the same frequency.

Figure 1.--Percent of postsecondary education institutions with the stated policy about the proportion of Title IV aid applicants verified for 1992-93 and 1993-94 awards



NOTE: Data for both academic years were reported in 1994-95. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents are computed across policies, but may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Table 1.--Percent of postsecondary education institutions with the stated policy about the proportion of Title IV aid applicants verified for 1993-94 awards, by institutional control

Institutional control	Stopped at 30 percent, even if additional applicants were selected by ED		Verified all applicants selected by ED, but verified no additional applicants selected by the institution		Verified all applicants selected by ED, plus some applicants selected by the institution		Verified all or almost all applicants		Other approach	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	1	0.5	35	2.9	30	2.0	34	2.5	1	0.3
Control										
Public	1	0.2	30	2.5	45	2.9	24	2.1	1	0.3
Private nonprofit	4	1.5	31	5.6	29	3.4	35	4.2	1	0.6
Private for-profit	*0	--	40	4.3	21	3.4	39	4.0	1	0.5

*Statistic is estimated at 0 percent, based on the sample.

--Estimate of standard error is not derived because it is based on a statistic estimated at 0 percent.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents are computed across each row, but may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Do institutions use their own guidelines to select additional applicants for verification, and are these additional applicants more likely to have errors?

Institutional guidelines to select additional aid applicants for verification were used by 40 percent of institutions (table 2). Public, private nonprofit, and private for-profit institutions were all about equally likely to use such guidelines. Among institutions that used such guidelines, 61 percent reported that applicants selected by the institution using its own guidelines were about equally likely to have errors as applicants selected by the U.S. Department of Education. Public institutions differed from private for-profit institutions in the reported likelihood of errors. Applicants selected by the institution were reported to be more likely to have errors than those selected by ED by 14 percent of private for-profit institutions, compared with 41 percent of public institutions. Applicants selected by the institution and by ED were reported to be about equally likely to have errors by 71 percent of private for-profit institutions, compared with 49 percent of public institutions. The differences in the reported likelihood of errors for public versus private nonprofit institutions are not statistically significant.

What percent of Title IV aid applicants were verified for 1992-93 and 1993-94 awards?

On average, institutions verified slightly more than half of aid applicants in both years—a mean percent of 55 percent for 1992-93 awards and a mean percent of 57 percent for 1993-94 awards (not shown in tables). Only 15 percent of institutions reported that the percent of applicants verified for 1993-94 awards was affected by changes in the law about aid applicant verification (not shown in tables). There were no differences by institutional control in the mean percentage of applicants verified in either year or in whether verification was affected by changes in the law (not shown in tables).

Table 2.--Percent of postsecondary education institutions that use guidelines developed by the institution to select additional Title IV aid applicants for verification, and the percent indicating whether those additional applicants are more or less likely to have errors than those selected by the U.S. Department of Education, by institutional control: 1994-95

Institutional control	Institution uses guidelines developed by the institution		Likelihood of errors*					
			More likely		About equally likely		Less likely	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	40	2.9	27	3.1	61	3.4	12	2.6
Control								
Public	45	3.3	41	3.7	49	4.3	10	2.0
Private nonprofit	42	5.3	29	5.4	62	7.1	9	3.3
Private for-profit	36	5.5	14	5.3	71	7.2	15	7.0

*Percents in these columns are based on those institutions that use guidelines developed by the institution.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

What percent of Pell grant applications were adjusted for 1992-93 and 1993-94 awards?

Institutions used special conditions to adjust an average of 5 percent of Pell grant applications for 1992-93 awards (not shown in tables). For awards the following year, when the use of professional judgment replaced the use of special conditions, an average of 6 percent of Pell grant applications were adjusted. This study found no differences by institutional control for either year (not shown in tables).

What were the reasons for exercising professional judgment on Pell grant applications for 1993-94 awards?

The most important reason for exercising professional judgment to adjust Pell grant applications for 1993-94 awards was that prior year income was not reflective of current circumstances. Almost two-thirds (63 percent) of institutions rated this reason as very important (table 3). Other reasons rated as very important were changes in dependency status (39 percent) and changes in family structure or size (21 percent). Reasons related to need analysis underestimating actual expenses or under- or overestimating true ability to pay were generally rated as not important. Public, private nonprofit, and private for-profit institutions all provided similar ratings of the reasons for exercising professional judgment (not shown in tables).

What approaches were used for reviewing 1993-94 Pell grant applications for the exercise of professional judgment?

About half of the institutions (47 percent) reviewed Pell grant applications for the exercise of professional judgment only upon student request (table 4). Most of the remaining institutions were about evenly split between reviewing applications for all students (23 percent) and reviewing applications for any students the office thought might need changes (26 percent). The review approach used most frequently by public and private nonprofit

Table 3.--Percent of postsecondary education institutions rating each reason for exercising professional judgment on Pell grant applications for 1993-94 awards as "not at all important" (1) to "very important" (5)

Reason for exercising professional judgment	Not at all important (1)		(2)		Somewhat important (3)		(4)		Very important (5)	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
Changes in dependency status	9	1.5	8	1.0	23	2.0	21	2.5	39	2.5
Changes in family structure or size	14	1.9	16	1.9	30	3.0	18	2.0	21	1.6
Prior year income not reflective of current circumstances	5	1.6	2	0.6	8	1.1	22	1.9	63	2.8
Need analysis underestimates actual expenses	29	2.8	25	1.7	28	2.8	11	2.0	7	1.3
Need analysis underestimates true ability to pay	29	2.2	26	2.2	24	2.7	11	1.8	10	1.5
Need analysis overestimates true ability to pay	29	2.4	23	2.1	25	2.4	11	1.4	10	1.5

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents are computed across each row, but may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Table 4.--Percent of postsecondary education institutions with each approach for reviewing 1993-94 Pell grant applications for the exercise of professional judgment, by institutional control

Institutional control	Applications for all students were reviewed		Applications were reviewed only upon student request		Applications were reviewed for any students your office thought might need changes		Other approach	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	23	2.3	47	2.1	26	2.4	4	0.8
Control								
Public	9	1.3	66	2.5	20	2.3	5	1.4
Private nonprofit	22	3.8	61	4.2	14	2.8	3	1.1
Private for-profit	33	5.1	25	4.1	38	5.1	4	1.8

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

institutions was to review applications only upon student request. Private for-profit institutions showed more diversity in their approaches to reviewing applications, with 25 percent reviewing applications only upon student request, 33 percent reviewing applications for all students, and 38 percent reviewing applications for any students the office thought might need changes.

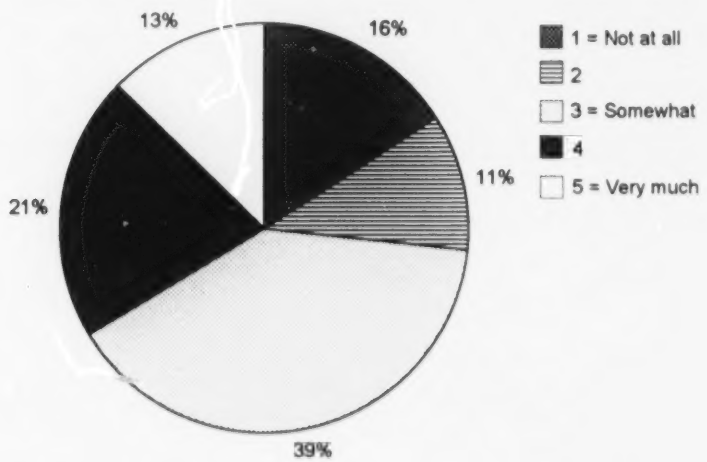
What percent of dependent students were changed to independent student status by exercising professional judgment for 1993-94 awards?

For 1993-94 awards, institutions reported, on average, that they changed 3 percent of dependent students to independent student status through the exercise of professional judgment (not shown in tables). There were no differences by institutional control in the mean percentage of dependent students changed to independent student status (not shown in tables).

Do institutions believe that the law allows the use of professional judgment to adjust financial aid to maximize access?

Respondents at 40 percent of the institutions believe that the law allows their office to use professional judgment "somewhat" to adjust federal financial aid awards to maximize access to their institution (figure 2). Respondents at 13 percent of institutions believe that the law allows this use of professional judgment "very much" and 16 percent believe that the law allows this use "not at all." Respondents at public, private nonprofit, and private for-profit institutions all had similar beliefs about the extent to which access to the institution can be maximized through the use of professional judgment (not shown in tables).

Figure 2.--Percent of postsecondary education institutions indicating the extent to which they believe the law allows the use of professional judgment to adjust federal financial aid awards to maximize access to the institution: 1994-95



NOTE: Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

To what extent is professional judgment used to deny or reduce federal student loans?

About half (48 percent) of institutions indicated that they use professional judgment to some degree to reduce the amount of federal student loans to individual students (table 5; scale points 2 through 5); about one-third (38 percent) use professional judgment to some degree to deny federal student loans to individual students (table 6; scale points 2 through 5). Private for-profit institutions were more likely than public or private nonprofit institutions to indicate that they use professional judgment to reduce the amount of student loans (58 percent versus 42 and 40 percent), and were more likely than private nonprofit institutions to indicate that they use professional judgment to deny student loans (46 versus 30 percent).

Table 5.--Percent of postsecondary education institutions indicating the extent to which they use professional judgment to reduce the amount of federal student loans to individual students, by institutional control: 1994-95

Institutional control	Not at all (1)		(2)		Somewhat (3)		(4)		Very much (5)	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	52	2.7	21	1.7	19	1.7	5	1.3	3	0.9
Control										
Public	58	2.8	21	2.1	16	2.3	3	0.9	2	0.6
Private nonprofit	60	4.5	21	3.8	15	2.9	1	0.5	4	2.4
Private for-profit	42	4.6	20	3.7	25	3.9	10	3.0	3	1.6

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents are computed across each row, but may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Table 6.--Percent of postsecondary education institutions indicating the extent to which they use professional judgment to deny federal student loans to individual students, by institutional control: 1994-95

Institutional control	Not at all (1)		(2)		Somewhat (3)		(4)		Very much (5)	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	62	2.5	21	2.2	12	1.6	4	1.6	1	0.7
Control										
Public	64	2.6	19	2.2	12	2.4	3	0.8	1	0.5
Private nonprofit	70	4.1	17	3.2	12	2.9	(+)	0.2	*0	--
Private for-profit	54	4.0	24	4.3	11	2.5	8	3.9	3	1.9

(+) Less than 0.5 percent.

*Statistic is estimated at 0 percent, based on the sample.

--Estimate of standard error is not derived because it is based on a statistic estimated at 0 percent.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid. Percents are computed across each row, but may not sum to 100 because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

What are the reasons for using professional judgment to reduce or deny federal student loans?

Among those institutions that use professional judgment to reduce or deny federal student loans to individual students, the most frequently cited reason for doing so was that the student does not need to borrow or does not need as much money as he or she would be allowed to borrow (79 percent, table 7). Private for-profit institutions were particularly likely (90 percent) to cite this reason. About half of the institutions (46 percent) used professional judgment to reduce or deny loans because they believed there was a high likelihood that the student would not repay the loan; 40 percent used professional judgment in this way because high-risk students have a high probability of dropping out during the first year of study. Private nonprofit institutions were less likely than public or private for-profit institutions to cite either of these reasons for using professional judgment to reduce or deny loans.

To what extent did student loan borrowing increase for 1993-94, and what were the reasons for increased borrowing?

Almost all institutions awarding federal financial aid participate in the subsidized Stafford loan program (99 percent), and 75 percent of those institutions had increased subsidized Stafford loan borrowing for 1993-94 compared with 1992-93 (table 8). Private for-profit institutions were less likely than public or private nonprofit institutions to have had increased subsidized Stafford loan borrowing. Among institutions that had increased subsidized Stafford loan borrowing, 36 percent ranked an increase in loan limits as the most important reason for increased borrowing; 26 percent ranked smaller grant sizes as the most important reason. Private for-profit institutions had a different pattern of reasons for increased borrowing than did public or private nonprofit institutions. While 42 percent of public and 47 percent of private nonprofit institutions ranked an increase in loan limits as the most

Table 7.--Percent of postsecondary education institutions using each of the indicated reasons for using professional judgment to reduce or deny federal student loans to individual students, by institutional control: 1994-95

Institutional control	Use professional judgment to reduce or deny loans		Reasons for using professional judgment*							
			Student does not need as much money as allowed or does not need to borrow		High likelihood that the student will not repay the loan		High-risk students have a high probability of dropping out during the first year of study		Other reason	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
All institutions	51	2.5	79	2.5	46	4.1	40	3.0	20	2.3
Control										
Public	46	2.4	65	3.9	54	4.5	48	4.5	28	3.1
Private nonprofit	42	4.4	75	5.0	27	5.4	15	3.1	25	5.1
Private for-profit	61	4.0	90	3.5	53	6.9	49	4.8	11	2.7

*Percents in these columns are based on those institutions that indicated that they used professional judgment to reduce or deny federal student loans to individual students. Percents sum to more than 100 because respondents could indicate more than one reason for using professional judgment.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Table 8.--Percent of postsecondary education institutions that participate in the subsidized Stafford loan program, the percent of participating institutions that had increased subsidized Stafford borrowing in 1993-94 compared with 1992-93, and the rank order of reasons for that increased borrowing (ranked first = most important), by institutional control

Student loan borrowing	All institutions		Public		Private nonprofit		Private for-profit	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
Participate in loan program	99	0.6	*100	0.3	100	--	98	1.5
Had increased student loan borrowing[1]	75	2.6	88	2.3	87	3.2	54	5.4
Reasons for increased borrowing[2]								
Changes in need analysis methodology for federal student aid								
Ranked first	19	1.6	24	2.5	17	3.0	15	4.0
Ranked second	34	3.5	31	2.7	30	4.7	43	8.9
Ranked third	21	2.4	23	2.0	23	5.2	17	4.3
Increase in loan limits								
Ranked first	36	1.7	42	3.0	47	4.0	14	3.2
Ranked second	20	2.1	22	2.7	22	4.3	14	3.5
Ranked third	24	2.7	20	2.7	16	3.5	40	7.4
Smaller grant sizes								
Ranked first	26	2.2	20	2.5	17	3.8	47	6.8
Ranked second	23	2.6	27	2.6	13	2.7	31	8.9
Ranked third	28	2.0	31	2.5	36	4.4	14	4.2
Increased student charges								
Ranked first	16	1.7	11	1.8	17	3.2	19	3.8
Ranked second	21	2.1	18	2.5	30	4.5	10	5.3
Ranked third	21	2.3	23	1.9	18	4.1	23	7.5
Other reasons								
Ranked first	3	1.0	3	0.9	2	1.4	5	3.2
Ranked second	2	0.6	2	1.1	1	0.6	2	1.7
Ranked third	2	0.9	1	0.3	(+)	0.5	4	3.1

(+) Less than 0.5 percent.

*Statistic is estimated at 99.5 percent, which is rounded to 100 percent for presentation in the table.

--Estimate of standard error is not derived because it is based on a statistic estimated at 100 percent.

[1]Percents with increased subsidized Stafford student loan borrowing are based on those institutions that participated in the subsidized Stafford loan program.

[2]Percents providing rank orders of the reasons for increased borrowing are based on those institutions that had increased subsidized Stafford student loan borrowing. Reasons ranked first may not sum to 100 percent because of rounding. Reasons ranked second or third may not sum to 100 percent because institutions did not have to rank all five reasons listed on the questionnaire.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

important reason for increased borrowing, only 14 percent of private for-profit institutions ranked this reason first. Instead, 47 percent of private for-profit institutions ranked smaller grant sizes as the most important reason; this reason was selected as most important by 20 percent of public and 17 percent of private nonprofit institutions.

The pattern for unsubsidized Stafford and Supplemental Loans for Students (SLS) loans is similar to the pattern for subsidized Stafford loans. Most institutions awarding federal financial aid participate in the unsubsidized Stafford and SLS loan programs (92 percent), and 80 percent of those institutions had increased borrowing in these programs for 1993-94 compared with 1992-93 (table 9). Private for-profit institutions were less likely than the other types of institutions to have increased unsubsidized Stafford and SLS loan borrowing. Among institutions that had increased borrowing in these programs, the reason most frequently ranked as most important for increased borrowing was an increase in loan limits and/or availability of unsubsidized Stafford loans (52 percent); 19 percent ranked smaller grant sizes as the most important reason for increased borrowing. Private for-profit institutions differed from public and private nonprofit institutions in the pattern of reasons for increased borrowing. While 61 percent of both public and private nonprofit institutions ranked an increase in loan limits and/or availability of unsubsidized Stafford loans as the most important reason for increased borrowing, only 29 percent of private for-profit institutions ranked this reason first. Smaller grant sizes was ranked first by 34 percent of private for-profit institutions, compared with 11 percent of public and 14 percent of private nonprofit institutions.

The pattern for PLUS loans is somewhat different from the other types of loans. (PLUS loans are loans that parents take out to finance their children's education.) While 81 percent of institutions awarding federal financial aid participate in the PLUS loan program, only 49 percent of participating institutions had increased PLUS loan borrowing for 1993-94 compared with 1992-93 (table 10). Private nonprofit institutions were more likely than the other types of institutions to have had increased PLUS loan borrowing. Among institutions that had increased PLUS loan borrowing, the reason most frequently ranked first for increased borrowing was an increase in loan limits (44 percent). Private for-profit institutions differed from the other types of institutions in the pattern of reasons for increased borrowing. While 53 percent of public and 52 percent of private nonprofit institutions ranked an increase in loan limits as most important, only 18 percent of private for-profit institutions ranked this reason first. Increased student charges and smaller grant sizes were ranked as the most important reasons for increased PLUS loan borrowing more often by private for-profit institutions than by public institutions.

Technical Notes

The *Survey on Financial Aid at Postsecondary Education Institutions* was conducted in winter 1994-95 by the National Center for Education Statistics using the Postsecondary Education Quick Information System (PEQIS). PEQIS is designed to collect limited amounts of policy-relevant information quickly from a previously recruited nationally representative stratified sample of 1,576 postsecondary institutions, plus a supplementary sample of less-than-2-year postsecondary institutions when needed. PEQIS surveys are generally limited to 2 to 3 pages of questions with a response burden of 30 minutes per respondent. The survey was mailed to the PEQIS survey coordinators at 686 2-year and 4-year postsecondary institutions in the PEQIS panel, and to the Financial Aid Director at 400 less-than-2-year postsecondary institutions from a supplementary sample, for a total sample size of 1,086 institutions. Completed questionnaires were received from 808 of the 855 eligible institutions,[2] for an unweighted survey response rate of 94 percent (the weighted survey response rate is 92 percent). All estimates for the 1992-93 and 1993-94 academic years are based on data reported by the institution in winter 1994-95.

Table 9.--Percent of postsecondary education institutions that participate in the unsubsidized Stafford and SLS loan programs, the percent of participating institutions that had increased unsubsidized Stafford and SLS borrowing in 1993-94 compared with 1992-93, and the rank order of reasons for that increased borrowing (ranked first = most important), by institutional control

Student loan borrowing	All institutions		Public		Private nonprofit		Private for-profit	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
Participate in loan program	92	1.4	96	1.3	97	1.3	84	3.0
Had increased student loan borrowing[1]	80	2.4	89	1.8	86	3.8	67	5.8
Reasons for increased borrowing[2]								
Changes in need analysis methodology for federal student aid								
Ranked first	13	1.5	15	2.1	10	3.2	14	3.7
Ranked second	37	3.2	34	2.8	39	5.6	38	8.5
Ranked third	22	2.1	25	2.5	22	3.7	18	5.1
Increase in loan limits and/or availability of Stafford unsubsidized loans								
Ranked first	52	2.9	61	2.8	61	5.1	29	4.9
Ranked second	16	2.1	16	2.7	17	4.4	13	2.6
Ranked third	19	2.7	13	2.0	12	2.9	34	7.2
Smaller grant sizes								
Ranked first	19	2.6	11	2.1	14	3.5	34	5.8
Ranked second	24	3.2	24	2.8	14	2.5	36	9.7
Ranked third	32	2.1	39	2.3	34	3.9	21	5.1
Increased student charges								
Ranked first	14	1.8	9	1.6	13	2.9	19	3.7
Ranked second	19	2.0	21	2.8	26	3.5	9	4.9
Ranked third	21	3.2	19	2.3	24	4.2	18	7.3
Other reasons								
Ranked first	4	1.0	4	1.0	2	1.0	6	3.0
Ranked second	1	0.4	3	1.2	1	0.7	(+)	0.1
Ranked third	3	1.0	1	0.3	3	1.6	5	2.9

(+) Less than 0.5 percent.

[1]Percents with increased unsubsidized Stafford and SLS loan borrowing are based on those institutions that participated in the unsubsidized Stafford and SLS loan programs.

[2]Percents providing rank orders of the reasons for increased borrowing are based on those institutions that had increased unsubsidized Stafford and SLS loan borrowing. Reasons ranked first may not sum to 100 percent because of rounding. Reasons ranked second or third may not sum to 100 percent because institutions did not have to rank all five reasons listed on the questionnaire.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Table 10.--Percent of postsecondary education institutions that participate in the PLUS loan program, the percent of participating institutions that had increased PLUS borrowing in 1993-94 compared with 1992-93, and the rank order of reasons for that increased borrowing (ranked first = most important), by institutional control

Student loan borrowing	All institutions		Public		Private nonprofit		Private for-profit	
	Percent	s.e.	Percent	s.e.	Percent	s.e.	Percent	s.e.
Participate in loan program	81	1.8	84	2.0	83	3.3	78	3.5
Had increased student loan borrowing[1]	49	2.8	47	3.1	70	4.6	31	5.6
Reasons for increased borrowing[2]								
Changes in need analysis methodology for federal student aid								
Ranked first	9	1.5	17	3.0	6	2.3	6	3.0
Ranked second	34	4.3	23	2.7	37	5.8	42	10.8
Ranked third	26	3.4	25	4.1	25	5.4	29	7.9
Increase in loan limits								
Ranked first	44	3.6	53	4.6	52	5.1	18	6.6
Ranked second	14	1.6	18	3.4	14	3.0	10	4.9
Ranked third	20	4.1	16	3.4	13	3.9	38	11.6
Smaller grant sizes								
Ranked first	20	3.6	13	3.5	16	5.5	37	7.0
Ranked second	23	3.3	22	3.7	18	3.5	36	9.7
Ranked third	32	3.3	36	5.1	39	5.8	13	4.8
Increased student charges								
Ranked first	25	2.7	16	2.7	23	4.1	40	6.5
Ranked second	22	2.7	28	3.9	27	4.9	7	4.4
Ranked third	17	2.5	16	3.7	18	4.4	16	5.2
Other reasons								
Ranked first	1	0.5	1	0.5	2	0.9	1	1.0
Ranked second	3	1.0	6	2.5	1	0.7	3	2.6
Ranked third	1	0.7	*0	--	1	0.9	3	2.5

*Statistic is estimated at 0 percent, based on the sample.

--Estimate of standard error is not derived because it is based on a statistic estimated at 0 percent.

[1]Percents with increased PLUS loan borrowing are based on those institutions that participated in the PLUS loan program.

[2]Percents providing rank orders of the reasons for increased borrowing are based on those institutions that had increased PLUS loan borrowing. Reasons ranked first may not sum to 100 percent because of rounding. Reasons ranked second or third may not sum to 100 percent because institutions did not have to rank all five reasons listed on the questionnaire.

NOTE: s.e. is standard error. Data are for postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

The response data were weighted to produce national estimates.[3] The weights were designed to adjust for the variable probabilities of selection and differential nonresponse. The findings in this report are estimates based on the sample selected and, consequently, are subject to sampling variability. The standard error is a measure of the variability of estimates due to sampling. It indicates the variability of a sample estimate that would be obtained from all possible samples of a given design and size. Standard errors are used as a measure of the precision expected from a particular sample. If all possible samples were surveyed under similar conditions, intervals of 1.96 standard errors below to 1.96 standard errors above a particular statistic would include the true population parameter being estimated in about 95 percent of the samples. This is a 95 percent confidence interval. For example, the estimated percentage of institutions that reviewed Pell grant applications for all students is 23 percent, and the estimated standard error is 2.3 percent. The 95 percent confidence interval for the statistic extends from [23 - (2.3 times 1.96)] to [23 + (2.3 times 1.96)], or from 18.5 to 27.5 percent. Estimates of standard errors for this report were computed using a jackknife replication method. Standard errors for all of the estimates are presented in the tables, including table 11, which provides standard errors for the estimates in the figures and text. All specific statements of comparison made in this report have been tested for statistical significance through chi-square tests and t-tests adjusted for multiple comparisons using the Bonferroni adjustment, and they are significant at the 95 percent confidence level or better. The chi-square tests used a modified Rao-Scott chi-square statistic, using design effects calculated by jackknife replication.

The survey estimates are also subject to nonsampling errors that can arise because of nonobservation (nonresponse or noncoverage) errors, errors of reporting, and errors made in collection or processing of data. These errors can sometimes bias the data. While general sampling theory can be used in part to determine how to estimate the sampling variability of a statistic, nonsampling errors are not easy to measure. To minimize the potential for nonsampling errors, the questionnaire was pretested with respondents at institutions like those that completed the survey. During the design of the survey and the survey pretest, an effort was made to check for consistency of interpretation of questions and to eliminate ambiguous items. The questionnaire and instructions were extensively reviewed by the National Center for Education Statistics. Manual and machine editing of the questionnaire responses were conducted to check the data for accuracy and consistency. Cases with missing or inconsistent items were recontacted by telephone. Data were keyed with 100 percent verification.

This report was reviewed by the following individuals:

Outside NCES

- Daniel Goldenberg, Planning and Evaluation Service, Office of the Under Secretary, U.S. Department of Education
- Gregory Henschel, National Institute on Postsecondary Education, Libraries, and Lifelong Learning, Office of Educational Research and Improvement, U.S. Department of Education
- Julie Laurel, Student Financial Assistance Programs, Office of Postsecondary Education, U.S. Department of Education

Inside NCES

- Nabeel Alsalam, Data Development Division
- Michael Cohen, Statistical Standards and Methodology Division
- Roslyn Korb, Education Surveys Division
- Andrew Malizio, Education Surveys Division
- Marilyn McMillen, Education Surveys Division

For more information about this *Statistics in Brief* or the Postsecondary Education Quick

Table 11.--Standard errors for the figures and for data not shown in tables

Item	Estimate	Standard error
Figure 1: Percent of institutions with the stated policy about the proportion of Title IV aid applicants verified		
Stopped at 30 percent, 1992-93	2	0.7
Stopped at 30 percent, 1993-94	1	0.5
Verified no additional applicants, 1992-93	35	3.0
Verified no additional applicants, 1993-94	35	2.9
Verified some additional applicants, 1992-93	29	2.0
Verified some additional applicants, 1993-94	30	2.0
Verified all applicants, 1992-93	33	2.7
Verified all applicants, 1993-94	34	2.5
Other approach, 1992-93	1	0.4
Other approach, 1993-94	1	0.6
Figure 2: Percent of institutions indicating the extent to which they believe the law allows the use of professional judgment to maximize access to the institution		
Not at all (1)	16	1.4
(2)	11	1.7
Somewhat (3)	40	2.2
(4)	21	1.7
Very much (5)	13	1.3
Percent of Title IV aid applicants verified		
Mean percent verified for 1992-93 awards	55	1.7
Mean percent verified for 1993-94 awards	57	1.6
Verification for 1993-94 awards was affected by changes in the law	15	2.1
Percent of Pell grant applicants adjusted		
Mean percent adjusted for 1992-93 awards	5	0.3
Mean percent adjusted for 1993-94 awards	6	0.4
Percent of dependent students changed to independent student status		
Percent of students changed for 1993-94 awards	3	0.2

SOURCE: U.S. Department of Education, National Center for Education Statistics, Postsecondary Education Quick Information System, Survey on Financial Aid at Postsecondary Education Institutions, 1994-95.

Information System, contact Bernie Greene, Education Surveys Division, National Center for Education Statistics, 555 New Jersey Avenue, NW, Washington, DC 20208, telephone (202) 219-1366.

Endnotes

[1]Institutions generally did not vary in their use of these three verificiation policies from year to year. Over 90 percent of institutions used the same one of these three policies in both years.

[2]Some 231 institutions out of the 1,086 institutions in the sample were found to be out of the scope of the survey. Of these institutions, 191 were ineligible because they did not award federal financial aid, and 40 were ineligible because they were closed or were not postsecondary institutions.

[3]The 808 survey respondents were weighted to represent the estimated 6,810 postsecondary education institutions in the 50 states, the District of Columbia, and Puerto Rico that award federal Title IV financial aid.